GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2192
ANSWERED ON:10.03.2006
CREDIT TO SMALL SCALE INDUSTRIES
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Will the Minister of FINANCE be pleased to state:

(a) the total credit made available by the Government to Small Scale Industries (SSI) during each of the last three years, till date;

(b) whether the credit provided to SSI is less as compared to their requirements;

(c) if so, the reasons therefor alongwith the action taken in this regard;

(d) whether any Committee has been set up to examine the various issues pertaining to SSI;

(e) if so, the details thereof alongwith the recommendations made by the Committee; and

(f) the status of the implementation of the recommendations?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) : The outstanding advances to SSI sector by public sector banks during the years 2002-03, 2003-04, 2004-05 and upto Sept, 2005 are Rs.52988, Rs.58278, .R`s.67634 and Rs.71793crores, respectively.

(b) & (c) : Banks provide loans for viable proposals received from the SSI sector. However, a `Policy Package on Stepping up credit to SME sector` has been announced in the Parliament on August 10, 2005 which inter-alia includes fixing self targets for funding Small and Medium Enterprises (SMEs) to achieve a minimum 20% year on year growth in credit to SMEs.

(d), (e) & (f): The RBI had set up four Committees to examine the various issues-pertaining to SSI viz. Nayak Committee to examine the Adequacy of Institutional Credit to SSI Sector and Related Aspects in 1992, High Level Committee on Credit to SSI (Kapur Committee) in 1998, Working Group on Flow of Credit to SSI Sector (Ganguly Committee) in 2004 and an Internal Group to Review Guidelines on Flow of Credit to SME Sector (Murthy Committee) in 2005. The majority of the recommendations of these Committees have been accepted. Based on these recommendations, the `Policy Package on Stepping up credit to SME sector` has been announced. The RBI has advised all scheduled commercial banks to implement these policy measures.